

## Message Text

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PAGE 01 DOHA 00528 301451Z  
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 PM-04 NSC-05 SP-02 SS-15  
L-03 CIAE-00 INR-07 NSAE-00 PRS-01 USIA-06 EB-08  
COME-00 TRSE-00 AID-05 XMB-02 OMB-01 FRB-03 /085 W  
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R 301120Z APR 77  
FM AMEMBASSY DOHA  
TO SECSTATE WASHDC 2544  
INFO AMEMBASSY ABU DHABI  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT  
AMEMBASSY MANAMA  
AMEMBASSY MUSCAT  
AMEMBASSY TEHRAN  
AMEMBASSY LONDON

C O N F I D E N T I A L DOHA 0528

E.O. 11652: GDS  
TAGS: EFIN, QA  
SUBJECT: GOVERNMENT OF QATAR MAY BORROW \$350 MILLION

REF: DOHA 0466

SUMMARY: TO BANKING SOURCES IN DOHA, CHASE MANHATTAN HAS BEEN  
TAPPED TO LEAD CONSORTIUM WHICH WILL PUT TOGETHER \$350 MILLION  
LOAN TO STATE OF QATAR. BANK OFFICIALS THINK QATAR HAS FINALLY  
SETTLED ON WAY TO BORROW. END SUMMARY.

1. AMERICAN OFFICIALS AT LOCAL BANKS (CITIBANK AND COMMERCIAL  
BANK OF QATAR) AND VISITORS FROM AMERICAN BANKS (FIRST BOSTON AND  
SECURITY PACIFIC) (PROTECT ALL SOURCES) ALL INDICATE THAT CHASE  
MANHATTAN WILL LEAD CONSORTIUM WHICH WILL PUT TOGETHER  
\$350 MILLION LOAN TO GOQ. THUS IT HAS APPARENTLY BEEN DECIDED  
THAT GOQ RATHER THAN INDIVIDUAL PROJECTS WILL BE THE BORROWER.  
MONEY WILL BE DISTRIBUTED TO VARIOUS PROJECTS BY GOQ. EARLIER  
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PLANS IN WHICH PROJECTS WOULD BORROW AND LOANS WOULD BE GUAR-  
ANTEED BY GOQ HAVE, ACCORDING TO SOURCES, BEEN SHELVED.

2. ALL SOURCES INDICATED THAT LOAN TERMS WILL BE ONE PERCENT ABOVE  
LIBOR WITH SEVEN YEAR DURATION TUUS IS CONSIDERED A GOOD RATE--  
AT LEAST ONE-EIGHTH BELOW WHAT HAD BEEN EXPECTED. ACCORDING TO ONE  
SOURCE (FIRST BOSTON) GOQ REPS HAD BEEN SEEKING LARGER LOAN

(\$500 MILLION) OVER LONGER PERIOD (EIGHT YEARS.) WHEN NONE OF THE POSSIBLE CREDITORS WOULD AGREE TO LARGER, LONG TERM LOAN GOQ SETTLED FOR BEST TERMS AVAILABLE WHICH WERE THOSE OUTLINED ABOVE.

3. ONLY SOURCE WHICH WOULD DISCLOSE EXTENT OF ITS PROPOSED PARTICIPATION IN LOAN PACKAGE WAS CITIBANK WHICH WILL TAKE TEN PERCENT OF TOTAL OR \$35 MILLION.

4. DESPITE EARLIER COMPLAINTS BY BANKS AND INTIMATIONS THAT GOQ NEGOTIATING TACTICS WOULD DELAY OR POSSIBLY EVEN PREVENT THE LOAN, QATARI'S APPEAR TO HAVE DONE VERY WELL. IN PREVIOUS ATTEMPTS TO ARRANGE LOAN PACKAGE WITH GOQ, BANK CONSORTIUMS WERE OFFERING ONE AND ONE-QUARTER OR AT BEST ONE AND ONE-EIGHTH PERCENT ABOVE LIBOR. THE DELAY OF ABOUT ONE YEAR SINCE GOQ STARTED TO EXPLORE THE BORROWING MARKET HAS UNDOUBTEDLY COST MONEY THROUGH INFLATION AND MAY HAVE MEANT ADDITIONAL DOLLARS IN DELAYS IN PROJECTS AND EXPANSIONS OF EXISTING PROJECTS. FINANCE MINISTRY SOURCE INDICATED THAT LOWER INTEREST RATE PARTIALLY OFFSETS INFLATION AND ADDED THAT QATARI OIL ECONOMY IS "INFLATION PROOF."

5. ALL SOURCES (IN BANKS AND GOQ) ADDED A CAUTIONARY NOTE, REMINDING THAT GOQ HAD GONE THIS FAR BEFORE ON PROPOSED LOANS ONLY TO BACK AWAY AT THE LAST MOMENT. EVERYONE CONCERNED MAINTAINS THAT IT IS NOT LIKELY TO HAPPEN AGAIN THIS TIME, BUT NO PAPERS HAVE BEEN SIGNED YET. LOAN AGREEMENT, IF EVERYTHING GOES AS PLANNED SHOULD BE SIGNED ABOUT THE END OF MAY.  
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## Message Attributes

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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
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**Enclosure:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009